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SURVEYS OF CONSUMER ATTITUDES

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The Outlook for Consumption in 1990: Coasting into the Eighth Year of Expansion

by

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The Outlook for Consumption in 1990: Coasting into the Eighth Year of Expansion

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Confidence Perseveres at High Levels Throughout Long Expansion

The latest Survey of Consumers indicates that consumer confidence has remained largely unchanged at the high levels recorded throughout most of the current expansion. The Index of Consumer Sentiment averaged 92.5 in the third quarter 1989 surveys, up from 90.9 in the second quarter (see Chart 1--the shaded areas indicate recessions). On a monthly basis, the Index of Consumer Sentiment recorded a small loss in October, falling to 93.9 from 95.8 in September. The small October decline of 1.9 Index-points was not surprising following the 6.2 Index-point gain recorded in the prior month. In the charts that accompany this presentation, the October survey is used as an estimate of the fourth quarter figures.

Since the cyclical peak was reached at the start of 1984, the Index of Consumer Sentiment has averaged 93.9, with the October 1989 survey equal to that average. Moveover, the Index has shown relatively small quarter-to-quarter variations throughout this period. From the first quarter of 1984 through the third quarter of 1989 the Index ranged between 99.5 and 90.5, except for the fourth quarter of 1987 when the stock market crash temporarily depressed the Index to 86.4.

This remarkable record is in sharp contrast to the decade of the 1970s, when the Index never exceeded the average recorded during the past five years, and was dominated by wide swings rather than the present stability (see Chart 2).

Attitude trends during the current expansion are more comparable to those recorded during the 1960s. Although the 1960s are remembered mainly for the robust expansion in the first half of the decade, during the late 1960s, as now, the economy experienced a significant slowdown in economic growth. And then as now, changing trends in prices and credit conditions played a key role in shaping consumer behavior.

Consumer Expectations:
A Leading Economic Indicator

The Index of Consumer Sentiment has two major components: a component reflecting consumers' assessments of current economic conditions and a component that focuses on expected economic changes. Since this time last year, as many of you know, the Index of Leading Indicators, compiled by the Bureau of Economic Analysis of the U.S. Department of Commerce, was revised and now includes the expectations component of the Index of Consumer Sentiment.

The inclusion of data from the Surveys of Consumers is a significant confirmation of its usefulness for understanding and forecasting changes in the national economy. Each series included in the composite Index of Leading Indicators is selected because of its performance on six important characteristics: economic significance, statistical adequacy, consistency of timing at business cycle peaks and troughs, conformity to business expansions and contractions, smoothness, and prompt availability.

The expectations component of the Index of Consumer Sentiment, called the Index of Consumer Expectations, was 84.8 in the third quarter survey, between the 81.8 recorded in the second quarter and the 86.9 recorded in the third quarter of 1988. In the October 1989 survey, the Index of Consumer Expectations posted a strong 87.2. Although this was somewhat below the 88.6 recorded in September, most of the strong gain from the 80.3 recorded in August was maintained in October. As shown in Chart 3, the Index of Consumer Expectations traced a slowly declining path from the 1984 cyclical peak to the lowpoint following the 1987 stock market crash, and has since then recovered and moved in a horizontal, zig-zag direction.

The history of changes in the Index of Consumer Expectations prior to recessions is shown in Chart 4. For each of the periods, the Index is shown from its cyclical peak to trough, with the data calculated as a percentage of the peak value. The sharpest decline was recorded prior to the 1973-75 recession, followed by the decline prior to the 1980-82 twin recessions. The current time path of the Expectations Index is more directly comparable to the period following the cyclical peak recorded in the mid 1960s. That expansion, like now, was characterized by an extended period of slow economic growth--what was then termed a "growth recession." Importantly, the extent of the decline in the Expectations Index since the 1984 peak has been very small, and in no way comparable to the declines which preceded each of the past recessions.

The other major component of the Index of Consumer Sentiment, the Index of Current Economic Conditions, has traced a horizontal path at very high levels through most of the current expansion. Indeed, the Current Conditions Index has been higher throughout this expansion than any other time in the last 30 years (see Chart 5).

Although there are similarities in the attitude trends of the 1960s and the 1980s, there are also very sharp differences. In the 1960s, consumers expected constant and cumulative improvement--they thought that future conditions would be always be better than those at present. In the 1980s, while consumers found much to like in the renewed economic stability that followed the turbulent 1970s, they remained apprehensive about the future course of the economy. Seemingly, consumers have come to believe that the present is as good at it is likely to get; it is not the best of times, but it is "good enough." If the 1960s was a time of economic optimism, and the 1970s a time of economic pessimism, the 1980s can be termed a time of economic satisficing.

These differences are reflected by the contrast between consumers' views on prospects for the future and their assessments of the current economic situation. As shown in Chart 6, the 1960s was very distinctive in that the Expectations Index was somewhat higher than consumers' evaluations of current economic conditions, while the 1980s, like the 1970s, showed a considerable disparity between the two.

Personal Financial Prospects Viewed Favorably

American families continued to view their own personal financial situation in favorable terms in the latest survey. Among all families in the October 1989 survey, 42 percent reported that their financial situation had improved, unchanged from the figure recorded one year earlier. As shown in Chart 7, these personal financial evaluations have shown only small variations around a very favorable level throughout the expansion, marking their best sustained performance in thirty years. Note, however, that at present these financial evaluations are at the lower end of this favorable band.

As noted at last year's conference, consumers' financial evaluations have been more favorable than the underlying trends in real personal disposable income would indicate (Chart 8). And as I indicated last year, the primary reason appears to be related not to misperceptions of nominal income growth, but rather to the premium consumers place on low rates of inflation. Despite the accounting equivalence, consumers are not indifferent between identical rates of real income growth if one is accompanied by high rates of inflation and the other by low rates of inflation. The increased uncertainty that accompanied the higher and more variable rates of inflation in the 1970s, as well as the forced adjustments in spending habits caused by shifting relative prices, had a significant additional impact on consumers which lowered their sense of financial wellbeing.

Income increases were reported by 32 percent of all families in the third quarter

surveys, significantly below the 42 percent recorded one year earlier; declines in family incomes were reported by 15 percent in the third quarter surveys of both 1989 and 1988 (see Chart 9). When the difference between the proportions reporting income increases and income declines is calculated, the overall trend in net references to income changes recorded during the expansion of the late 1980s is no more favorable than those recorded in prior expansions and is much less favorable than those recorded in the mid 1960s (Chart 10).

The largest difference in consumers' explanations of changes in their financial situation is related to inflation. The proportion of consumers that voiced complaints about the rising cost of living remained at very low levels throughout this expansion, and are only comparable to the levels recorded in the early 1960s (Chart 11). References to inflationary drains on family budgets fell to 11 percent in October 1989 from 15 percent one year earlier.

American families remained very upbeat about prospects for their financial situation during the year ahead (Chart 12). In the October 1989 survey, 41 percent expected their financial situation to improve during the year ahead, up from 36 percent one year earlier. Just 7 percent of all families expected their financial situation to worsen during the year ahead, down from 12 percent in October 1988. Overall, this was the best outlook for personal finances recorded in more than a year.

Outlook for Economy:
Continued Slow Growth

The recent surveys have recorded little change in consumers' assessments of the current state of the national economy or in the direction of change expected during the year ahead. Overall, consumers continue to expect the economy to follow its recent path of slow growth during the coming year.

Among all families, 47 percent in the October survey thought that the economy had improved, just above the 46 percent recorded one year earlier (Chart 13). The correspondence between these subjective assessments of the progress of the national economy and the actual percentage change in real GNP is shown in Chart 14.

The news reaching consumers about recent changes in the economy grew increasingly negative soon after the current expansion got under way, and reached a low at the time of the 1987 stock market plunge. Since then it has posted a modest recovery and moved in a sidewards direction. I might note that the steep plunge in stock market prices recorded on October 13th of this year had a significant, but short-lived, impact on consumer expectations. Interviews conducted from Friday the 13th to Monday the 16th reflected the news of the steep market plunge. The Index of

Consumer Sentiment dropped sharply during that weekend, but quickly rebounded during the following week. Like the plunge in stock market prices in 1987, the entire concern was focused on prospects for the general economy, not on personal finances. However, unlike the 1987 episode, the entire incidence was dismissed in a matter of days, not months.

When consumers were questioned about expected changes in the economy during the year ahead, the majority of consumers in the October survey expected the performance of the national economy to remain largely unchanged (61 percent). The performance of the national economy was expected to improve by 22 percent, while 15 percent expected worsening conditions--both figures were within one percentage point of the year earlier readings. As shown in Chart 16, following the initial sharp improvement at the start of the expansion, consumers' expectations have remained largely unchanged throughout most of the last 5 years.

The expected continuation of the economic expansion meant that the majority anticipated good times financially--even if only slow economic growth was expected (Chart 17). It should be no surprise that after seven years of expansion, most consumers thought that this meant the continuation of good times. In the October 1989 survey, good times financially in the economy as a whole were expected by 53 percent of all families, nearly identical to the 54 percent recorded one year earlier.

Longer term prospects for the economy also remained at positive levels in the recent surveys, although at somewhat lower levels than recorded one year earlier (Chart 18). Among all families, 36 percent expected good times financially during the next five years in the October survey, down 40 percent in October 1988.

Unemployment Expectations

The positive short term outlook was supported by favorable employment expectations (Chart 19). The majority of families in the October 1989 survey (55 percent) expected the national unemployment rate to remain unchanged at its current low level during the year ahead. Among the other half of consumers, however, more expected the unemployment rate to increase than to decline by nearly a two-to-one margin (30 versus 14 percent). That on the margin consumers expect some modest increases in the unemployment rate, rather than further declines, reflects the sluggish economic growth expected during the year ahead.

The correspondence of consumers' unemployment expectations and the actual subsequent change in the national unemployment rate is shown in Chart 20. Since the survey question asks only about the direction of change, the year-over-year percentage point change in the unemployment rate was used for this comparison purpose.

Inflation Expectations

The annual rate of inflation expected by consumers was 4.7% in the October 1989 survey, unchanged from the third quarter average (Chart 21). This represents an easing in inflation expectations, with the current readings well below the recent peak of 5.5% recorded in the third quarter of 1988. The correspondence between the median price expectation and the actual change in the CPI-u is shown in Chart 22.

Interest Rate Expectations

In contrast to the generally favorable unemployment and inflation expectations held throughout most of the current expansion, interest rate expectations have traced a much more volatile path (see Chart 23). At the start of 1989, interest rate expectations reached their most unfavorable point during the current expansion, but subsequently improved to a modest extent by the Summer months. In the third quarter 1989 survey, 50 percent of all families expected interest rate increases, a sharp improvement over the 72 percent that expected increases at the start of the year. However, this momentum in interest rate expectations has since ended, with the October 1989 survey recording 55 percent that expected increases.

The correspondence between consumers' interest rate expectations and the change in the prime rate is shown in Chart 24. As with the unemployment rate, the year-over-year percentage point change in the prime rate was used as the comparable measure to the survey question.

Buying Conditions for Household Durables Remain Positive

Consumers' assessments of buying conditions for appliances, furniture, and home electronic goods remained at favorable levels in the recent survey. Indeed, attitudes toward buying conditions for large household durables have been more favorable throughout this expansion than anytime during the past 30 years (Chart 25). Favorable buying attitudes were held by 73 percent of all families in the October 1989 survey, unchanged from the year earlier reading.

What prompts consumers to view buying conditions for durables so favorably? The foremost factor involves changes in consumer perceptions of market prices. In the expansions of the late 1960s and 1970s, consumers viewed current buying conditions favorably only because they expected future prices to be higher. These buy-in-advance

rationales played only a minor role in the current expansion (see Chart 26). In sharp contrast, during the current expansion more families reported the appeal of low and discounted prices than at any time in the prior 30 years (Chart 27). The net difference between favorable and unfavorable price references indicates their substantial and enduring domination of durable buying attitudes (Chart 28). References to low and discounted prices were made by 35 percent of all families in the October 1989 survey, compared with just 8 percent that registered complaints about high prices.

No longer do consumers feel the pressure to buy before prices increase. Indeed, consumers are now more likely to engage in comparative price shopping or to postpone purchases and wait for renewed discounting. These new expectations of market prices are based both on changing trends in actual prices and on a change in the perceptual and contextual factors that shape consumer evaluations. I will return to this important point later.

The second major trend in consumer assessments of buying conditions involves interest rates. When asked to explain why they held favorable or unfavorable buying attitudes, for decades consumers mentioned credit conditions only when they represented barriers to purchases. In large part this was due to the past emphasis on changes in the availability of credit to consumers rather than changes in its cost as the primary rationing device. The shift to varying the interest costs of credit has meant that changing interest rates trends have become a major factor in purchase timing.

Earlier in the expansion, declines in interest rates played an important role in promoting more favorable durable buying attitudes, but the recent surveys indicate that the current levels of interest rates pose neither an inducement nor a barrier to purchases (Chart 29). In the October 1989 survey, few families favorably mentioned interest rates (7 percent) and few families voiced complaints (3 percent). The net difference between favorable and unfavorable interest rate references indicates the new role interest rates play in shaping buying attitudes (Chart 30). Of course, interest rates play a rather modest role in determining purchases of large household durables as compared with vehicles and homes, but the trends as we shall see are similar.

Vehicle Buying Attitudes
Remain On Favorable Plateau

Attitudes toward buying conditions for vehicles have remained remarkably stable for nearly two years (Chart 31). In the October 1989 survey, 62 percent of all families held favorable attitudes toward vehicle buying conditions, just above the 60 percent recorded a year earlier. In the last 20 monthly surveys the proportion of families that gave favorable assessments of vehicle buying conditions has remained in the narrow range of 60 to 65 percent, with 14 of those reading either 61 or 62 percent. The

correspondence of these attitude trends with sales of cars and light trucks is given in Chart 43.

The primary factor behind these favorable buying attitudes is the widespread reports of the availability of price discounts and rebates on new vehicle purchases. In the October 1989 survey, the availability of price discounts and rebates was reported by 36 percent of all families, the highest reading in two years, and was only marginally below the all-time peak of 38 percent recorded in 1975 (Chart 33). This stands in sharp contrast to the decade of the 1970s, when complaints of high prices dominated responses (see Chart 34). In the decade of the 1970s, buy-in-advance price rationales dominated attitude trends, but have not played a significant role in the 1980s--other than the small increases recorded just prior to the new model year introductions (Chart 32).

Because of the continuous use of price discount programs by vehicle manufacturers, however, consumers have come to expect their availability, and thus their impact on overall buying attitudes has diminished. Moreover, the impact on consumer attitudes is now asymmetrical: the availability of discounts is taken for granted; their absence is met with postponement of purchases. As a result, consumers have now come to view price discount programs as simply a means to determine the timing of their purchases, shifting purchases from one month to the next depending on their availability. The price discount program offered at the end of the 1989 model year significantly shifted sales into the third quarter of this year; fourth quarter sales can be expected to be correspondingly depressed in their absence.

Although attitudes have remained stable at this relatively high plateau, they are certainly well below the 1986 cyclical peak. That cyclical peak was induced by the availability of interest rate discounts on new vehicle purchases at the end of the 1986 model year. It is the availability of these interest rate discounts, especially on longer term loans, that many fewer consumers report in the current surveys. The proportion that mentioned the availability of discounted interest rates fell to 13 percent in the October 1989 survey, a mere fraction of the cyclical peak of 70 percent in 1986 (Chart 35). Importantly, few consumers voiced complaints about high interest rates on vehicle loans--just 6 percent in the October survey. At present, interest rates are neither a significant positive nor negative force in determining sales trends (Chart 36).

Favorable Price Perceptions Support Home Buying Attitudes

Attitudes toward buying conditions for homes improved in the recent surveys from earlier in 1989, but favorable home buying attitudes remain below the levels recorded earlier in the expansion (Chart 37). The recent strength in home buying

attitudes has been due to favorable perceptions of home prices; this strength, however, has been offset by rising mortgage interest rates.

The proportion of families holding favorable attitudes toward buying conditions for homes was 66 percent in the October 1989 survey, unchanged from the third quarter 1989 average. Although this was above the second quarter 1989 reading of 60 percent, it remained below the 72 percent recorded in the third quarter of 1988, and substantially below the cyclical peak of 85 percent recorded in 1986.

Perceptions of home prices are very favorable (see Chart 39). Among all families in the October 1989 survey, 26 percent mentioned the availability of good buys on homes, up from the third quarter average of 22 percent. To put this proportion in perspective, the highest quarterly average proportion to favorably mention home prices during the last thirty years was 24 percent--recorded in both 1986 and 1988. Although complaints of high home prices have edged upward since 1986, the frequency of these complaints remain very low by historical standards--just 15 percent in the October 1989 survey. Indeed, net references to home prices have been more favorable throughout this expansion than at any other time during the past 30 years (see Chart 40).

Rising mortgage interest rates have been responsible for the small decline in favorable home buying attitudes compared with a year ago and the much larger decline from the 1986 cyclical peak. Among all families in the October 1989 survey, just 29 percent mentioned the current availability of low mortgage interest rates, about one-third of the level recorded at the 1986 peak (see Chart 41).

Summary Outlook

The prolonged maintenance of consumer confidence at high levels is certainly a welcome development and indicates that the current expansion will continue into its eighth year. That consumer confidence has remained relatively unchanged for so long, however, has diminished its stimulative impact on spending behavior. The most stimulative impact stems from repeated and cumulative improvements in consumer attitudes and expectations. While the maintenance of attitudes at high levels in no way augurs a recessionary decline in spending, neither does it provide the support for increased spending.

Consumer spending during the year ahead will continue to provide an underlying source of strength for the economy. Sales of homes and vehicles, however, will continue to be sluggish, with unit sales falling slightly below the year earlier levels. Interest rate developments will play an important role in shaping the timing and determining the extent of these purchases. More importantly, the current expansion has brought about changes in how consumers perceive and react to trends in market

prices. These shifts will continue to exert a significant influence on the timing of purchases. The major threat to a weaker outlook for consumer spending than reflected in the recent consumer surveys involves the impact on employment and income prospects from the continued slow growth in the economy.

Consumer attitudes and expectations reflect the dynamic interplay between the individual and the aggregate economy. Attitudes and expectations are simultaneously shaped by developments in the economy and in turn the responses of consumers to these developments shape the evolving course of the economy.

The impact of changing trends in prices and interest rates have at times led consumers to react in a pro-cyclical manner and at times in a counter-cyclical fashion. In the 1970s, consumers reacted to escalating prices by buying in advance of the expected price increases. Sellers did not fear that higher prices would lower sales and therefore did not hesitate to transmit both past and even anticipated cost increases to their customers. The reactions of consumers thus contributed to the acceleration of inflation.

In the 1980s, consumers have taken a different approach. Price increases are now more likely to be resisted, greatly restricting the ability of business to pass through cost increases. Consumer reactions now help to moderate, rather than accelerate, price trends. And these reactions have forced business firms to find new ways to contain cost increases, or face loss of profits or their market share.

Over this long expansion, consumer reactions have helped to dampen sharp swings in demand in both directions, and can be expected to continue to do so during the year ahead. Moreover, the greater sensitivity of consumers to both interest rate declines as well as increases will also act to dampen cyclical trends. These factors suggest that consumer demand, despite apparent weakness from time to time, will not result in the sustained, cumulative declines from which recession develop.

While the current outlook may not be the best of news, like consumer perceptions of the economy, it is "good enough" and will suffice to extend the expansion into its eighth year.

CHART 1

INDEX OF CONSUMER SENTIMENT

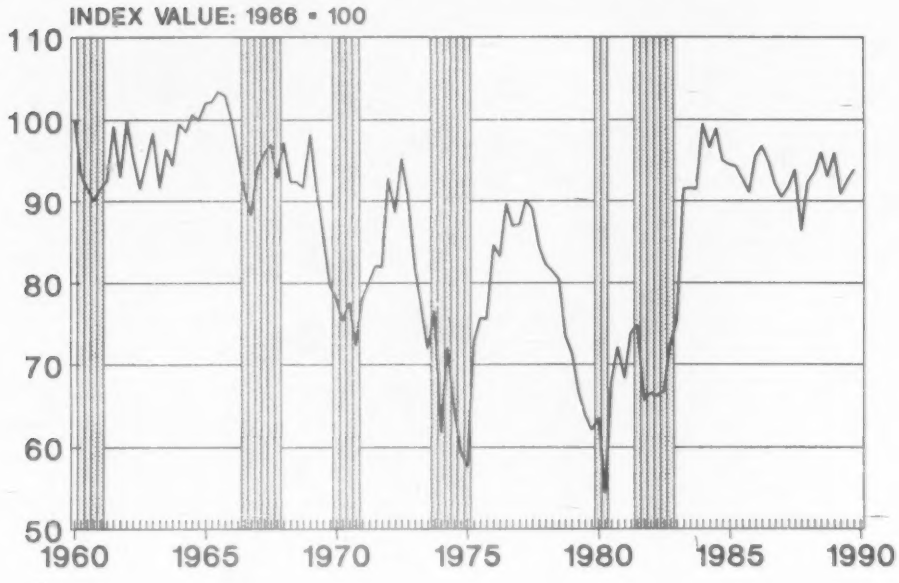

CHART 2

QUARTERLY CHANGE IN THE INDEX OF CONSUMER SENTIMENT

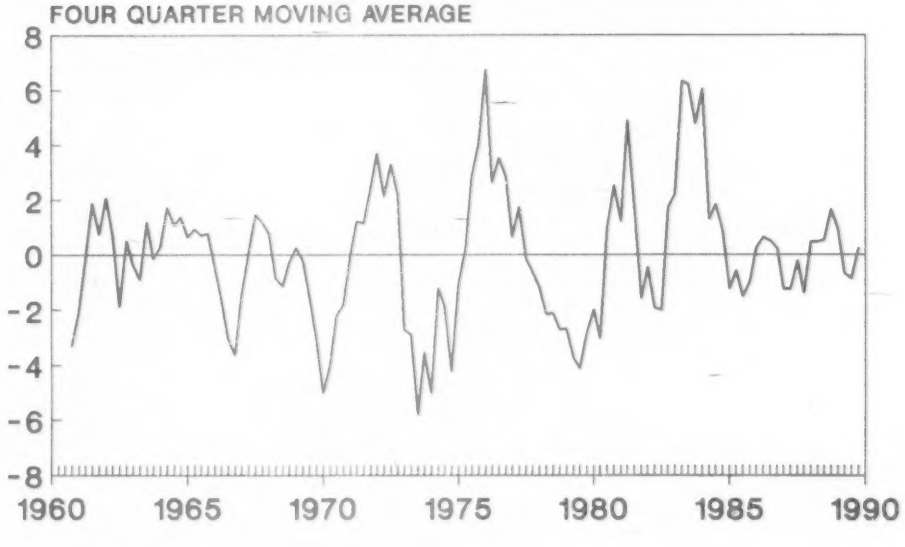

CHART 3

INDEX OF CONSUMER EXPECTATIONS

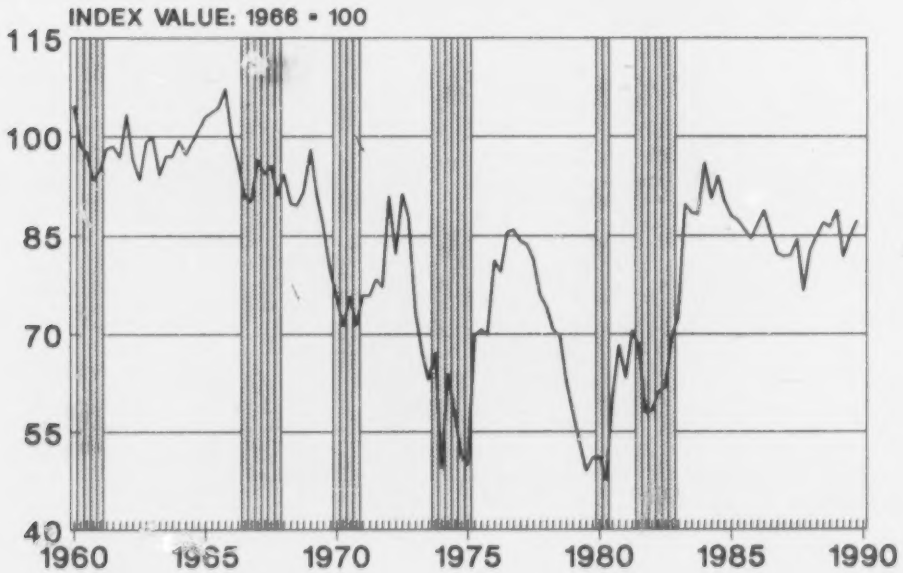

CHART 4

INDEX OF CONSUMER EXPECTATIONS: CYCLICAL PEAKS TO RECESSION LOWS

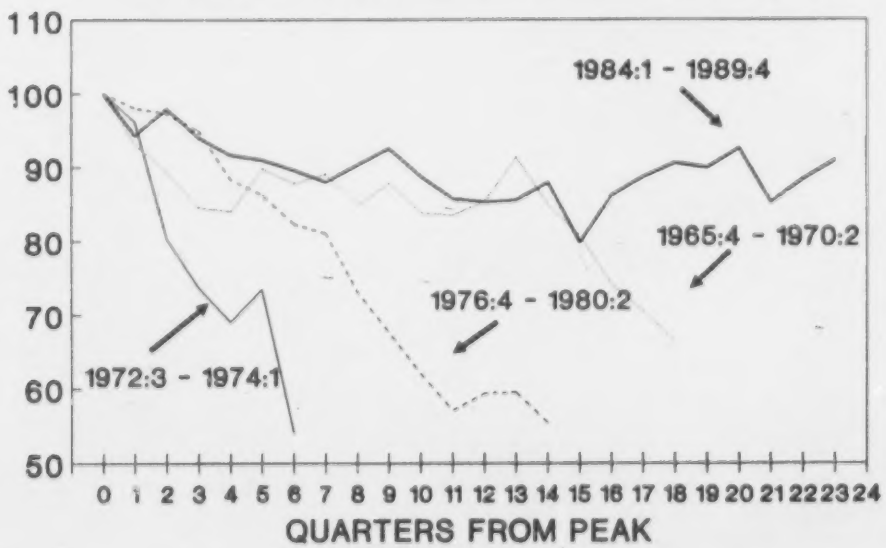

CHART 5

INDEX OF CURRENT ECONOMIC CONDITIONS

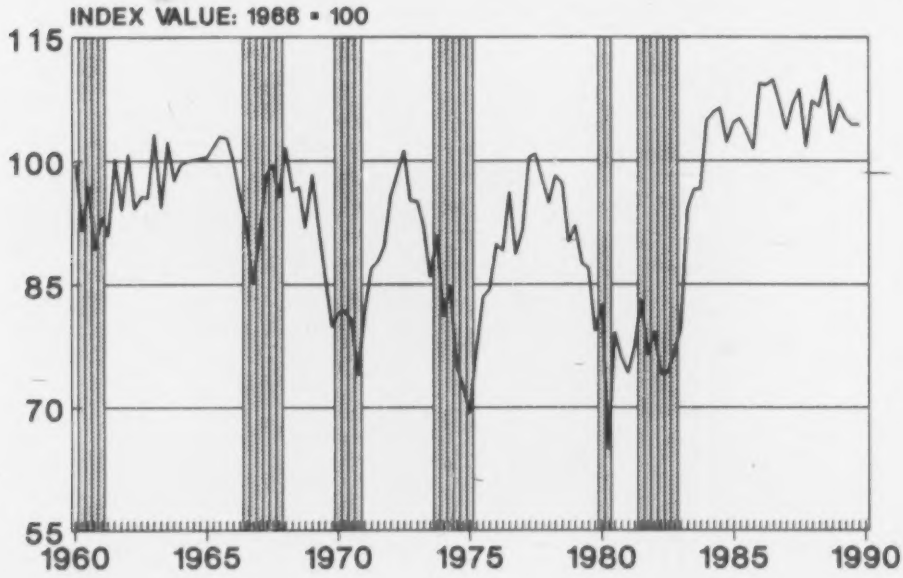

CHART 6

EXPECTED MINUS CURRENT COMPONENT OF THE INDEX OF CONSUMER SENTIMENT

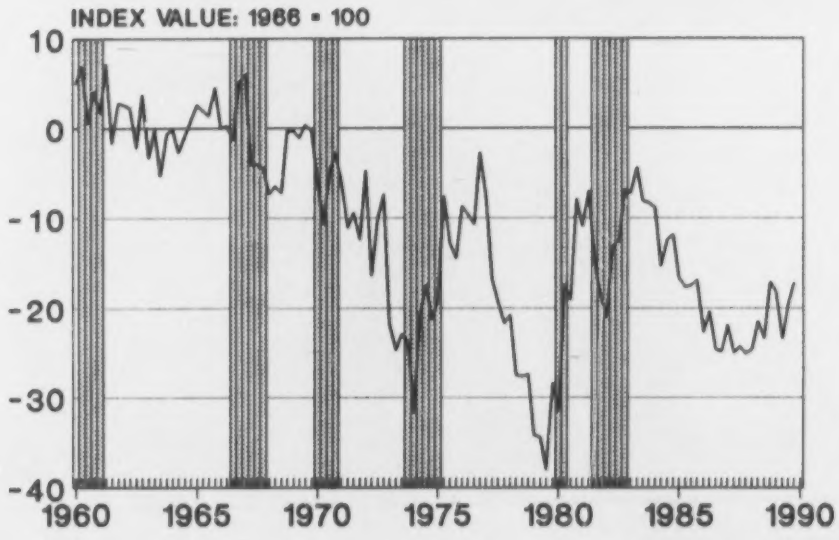

CHART 7

CURRENT PERSONAL FINANCIAL SITUATION

(%BETTER - %WORSE + 100)

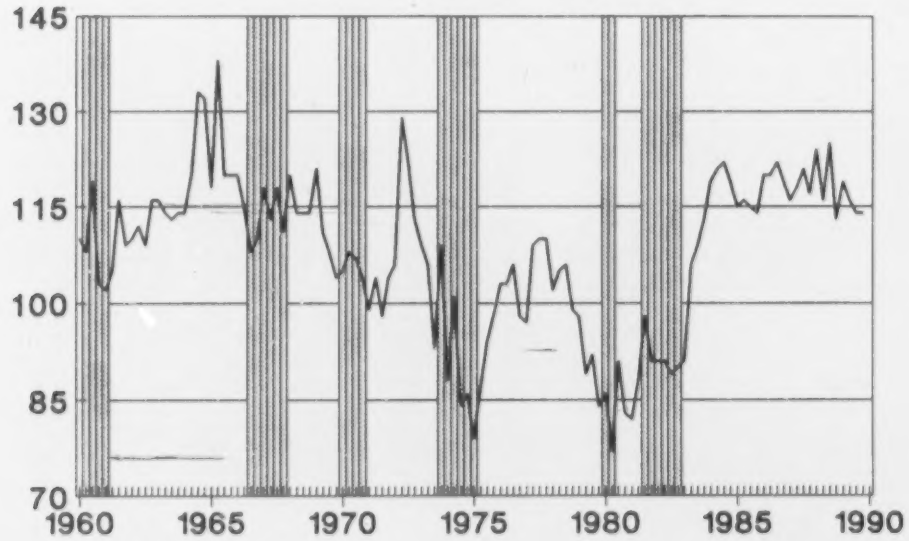

CHART 8

PERSONAL FINANCIAL ASSESSMENTS AND CHANGE IN REAL DISPOSABLE INCOME

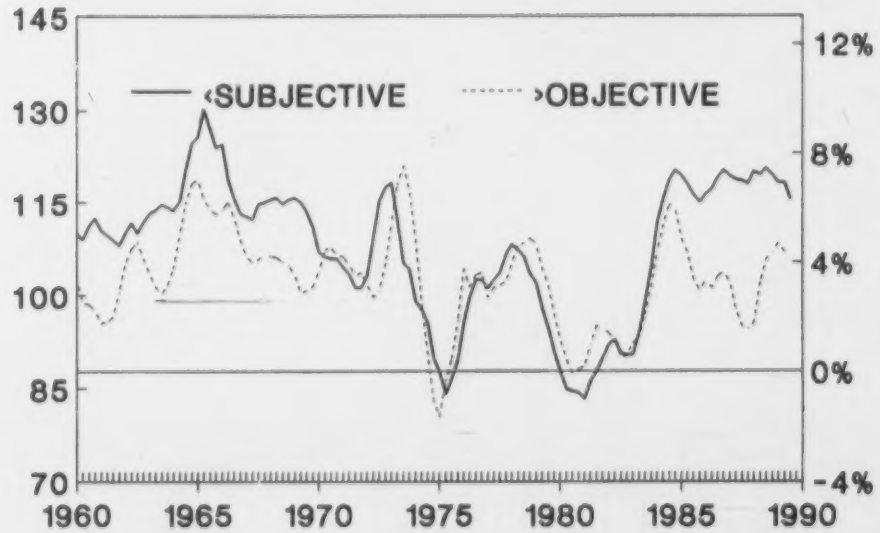

CHART 9

REFERENCES TO INCOME CHANGES IN EVALUATIONS OF PERSONAL FINANCES

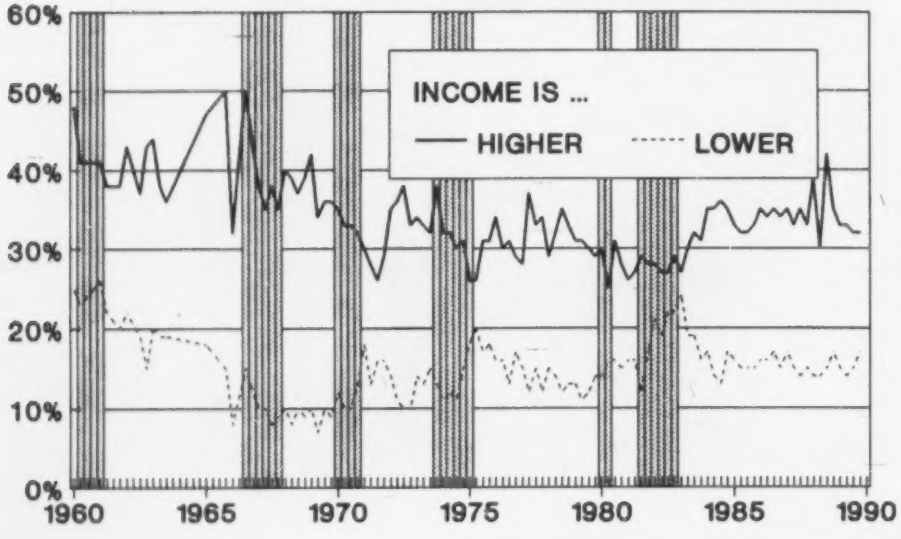

CHART 10

NET REFERENCES TO INCOME CHANGES IN EVALUATIONS OF PERSONAL FINANCES

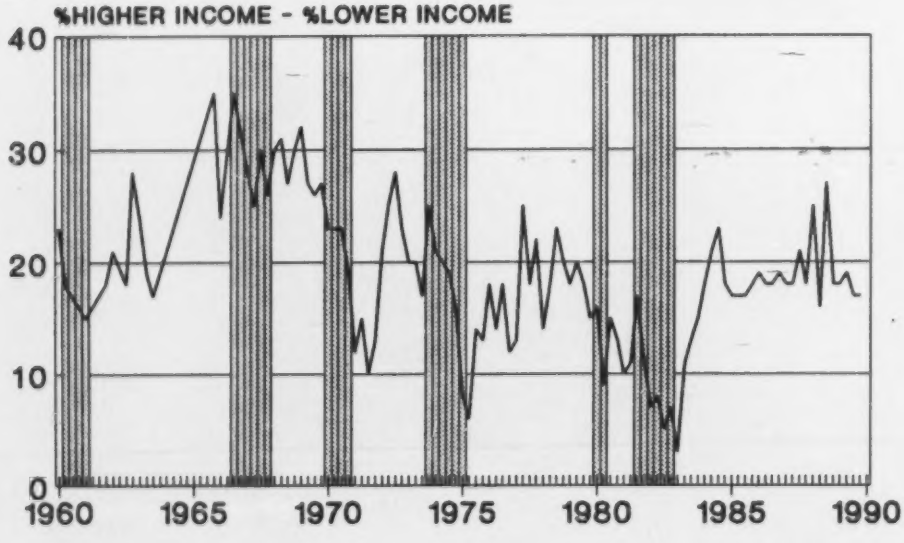

CHART 11

COMPLAINTS ABOUT HIGH PRICES IN EVALUATIONS OF PERSONAL FINANCES

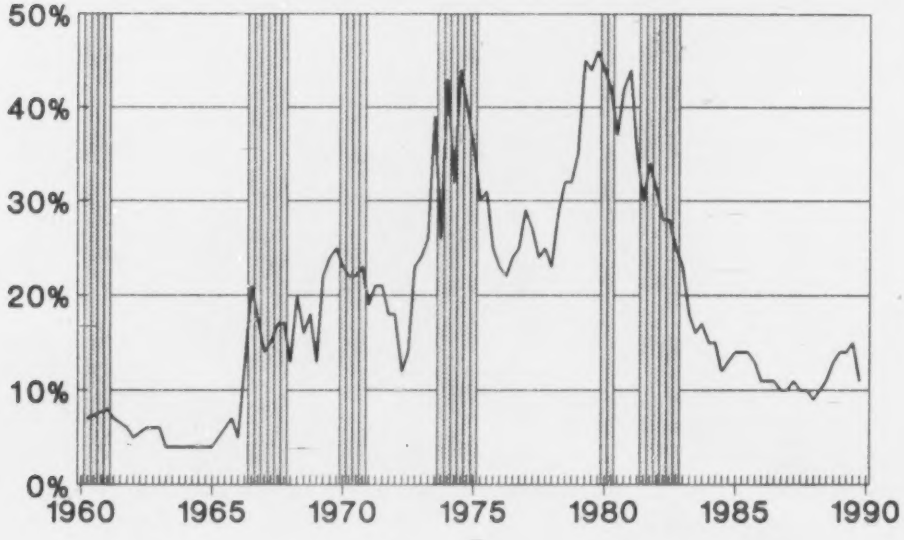

CHART 12

EXPECTED CHANGE IN PERSONAL FINANCES

(%BETTER - %WORSE + 100)

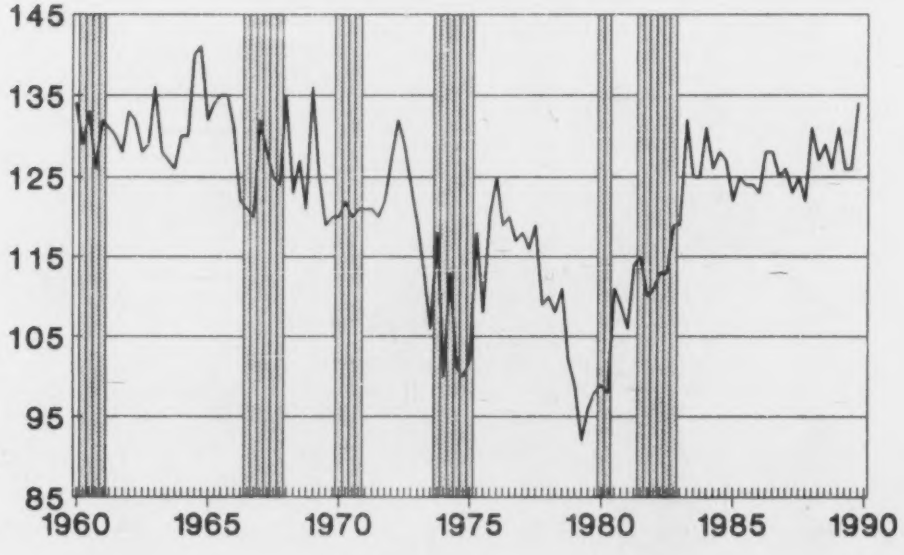

CHART 13

CURRENT BUSINESS CONDITIONS

(%BETTER - %WORSE + 100)

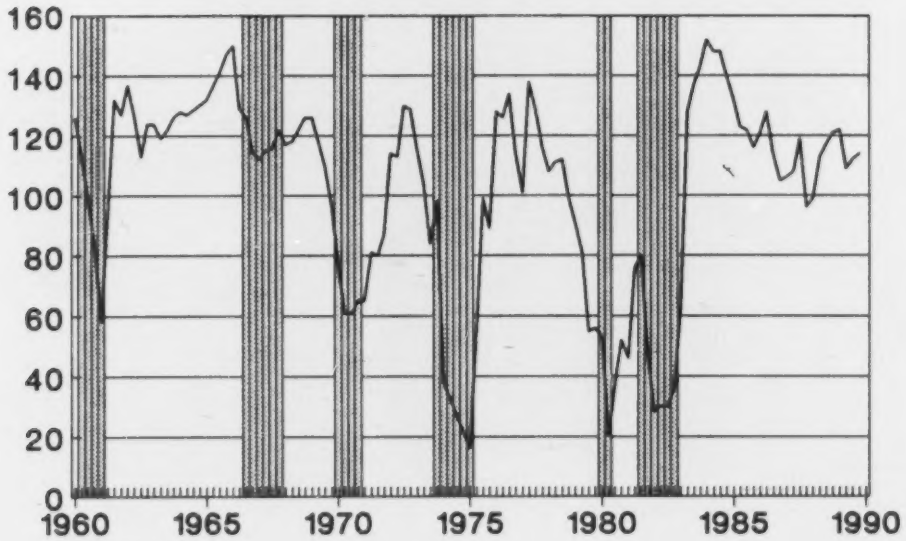

CHART 14

CONSUMER ASSESSMENTS OF BUSINESS CONDITIONS AND CHANGE IN REAL GNP

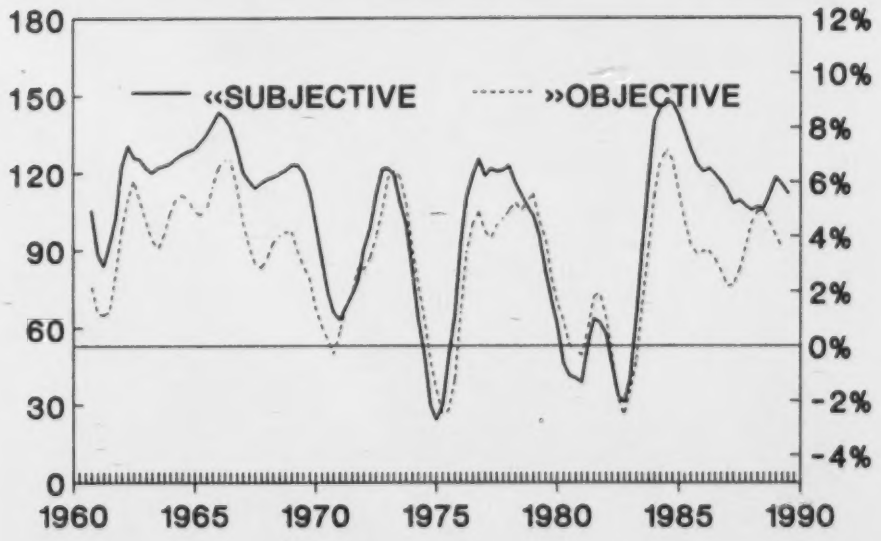

CHART 15

NEWS HEARD OF RECENT BUSINESS CHANGE

(%FAVORABLE - %UNFAVORABLE + 100)

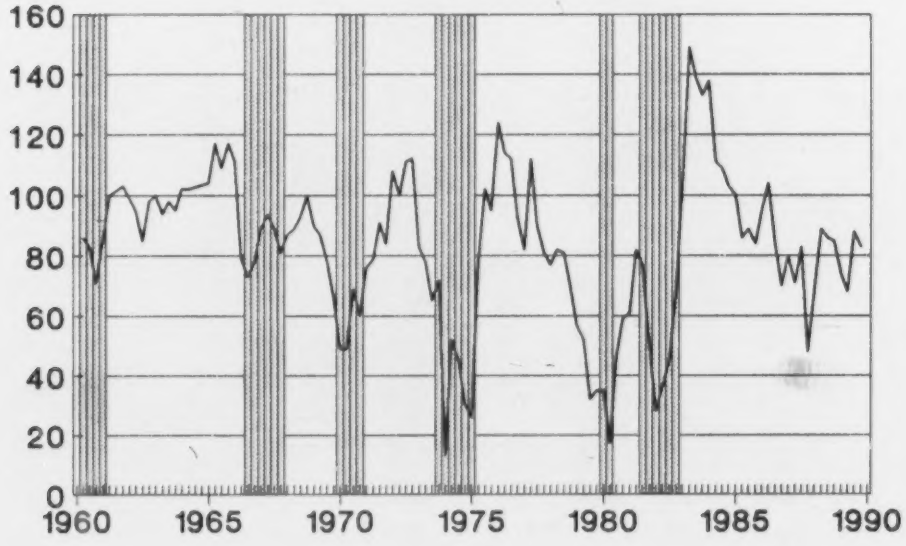

CHART 16

EXPECTED CHANGE IN BUSINESS CONDITIONS

(%BETTER - %WORSE + 100)

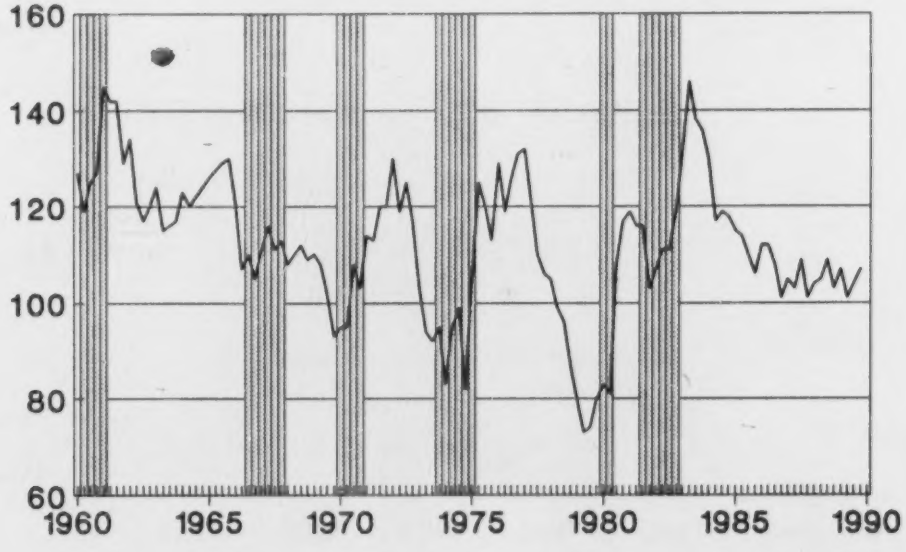

CHART 17

BUSINESS CONDITIONS DURING NEXT YEAR

(%GOOD - %BAD + 100)

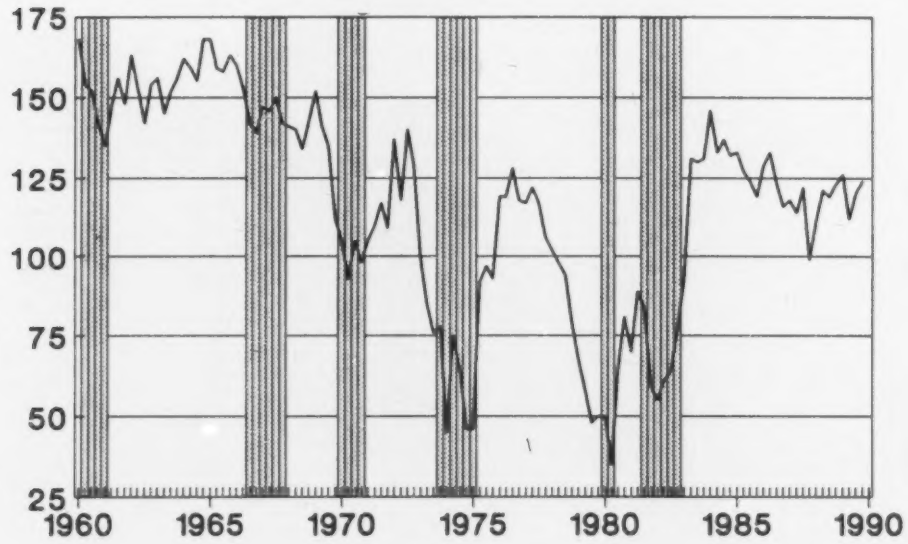

CHART 18

BUSINESS CONDITIONS NEXT 5 YEARS

(%GOOD - %BAD + 100)

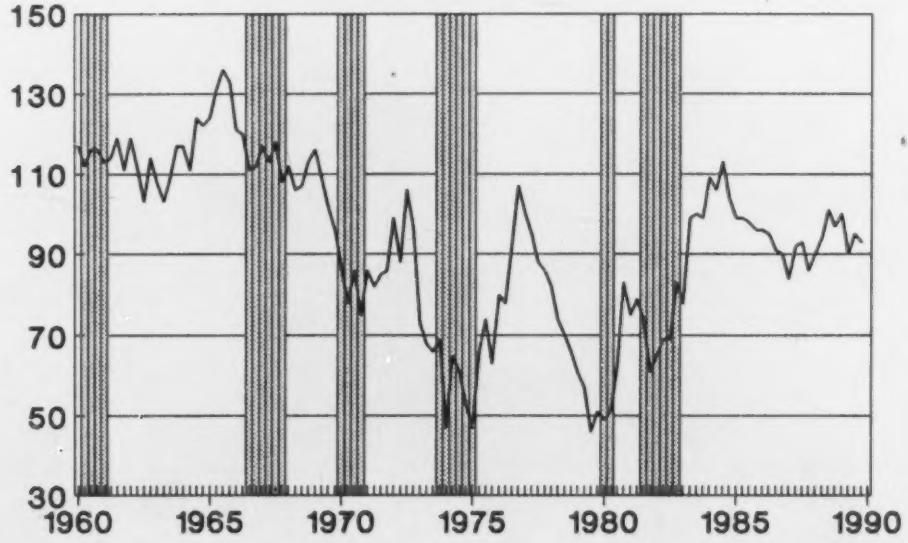

CHART 19

EXPECTED CHANGE IN UNEMPLOYMENT

(%LESS - %MORE + 100)

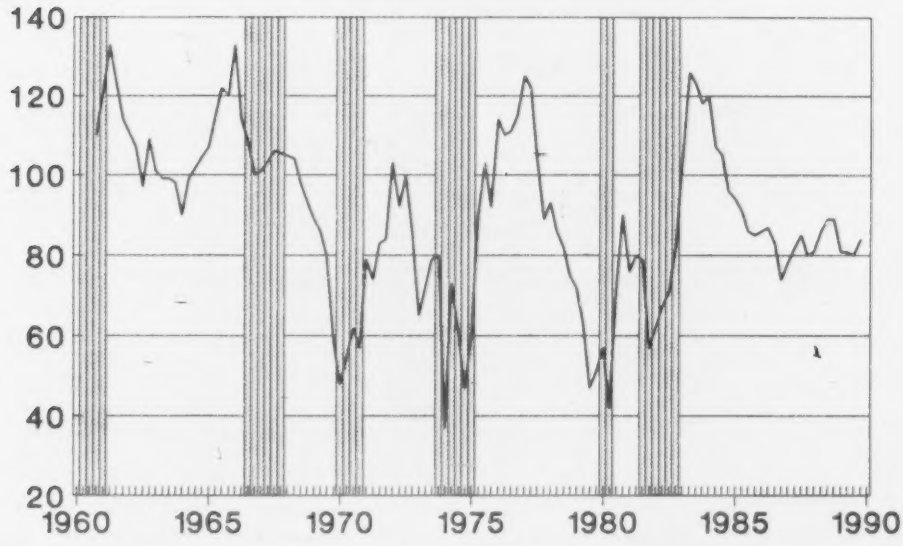

CHART 20

UNEMPLOYMENT EXPECTATIONS & PERCENTAGE POINT CHANGE IN THE UNEMPLOYMENT RATE

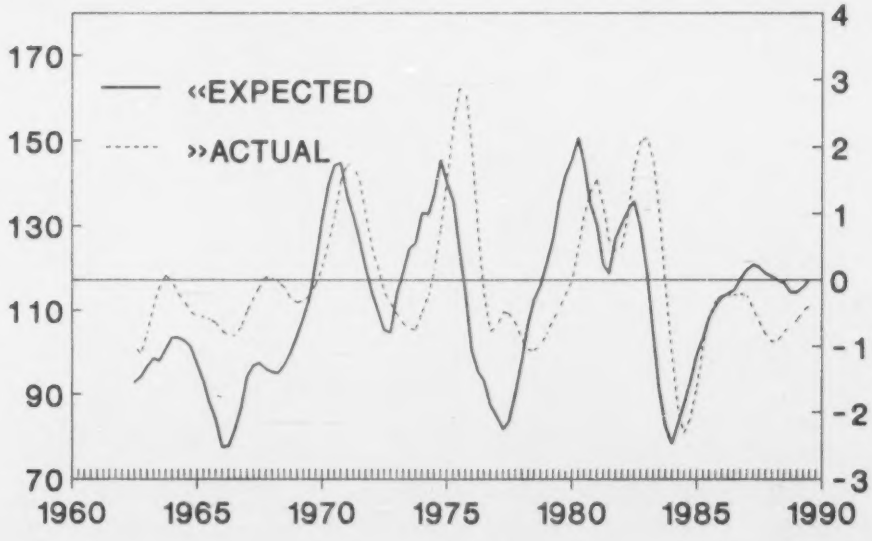

CHART 21

MEAN EXPECTED ANNUAL INFLATION RATE

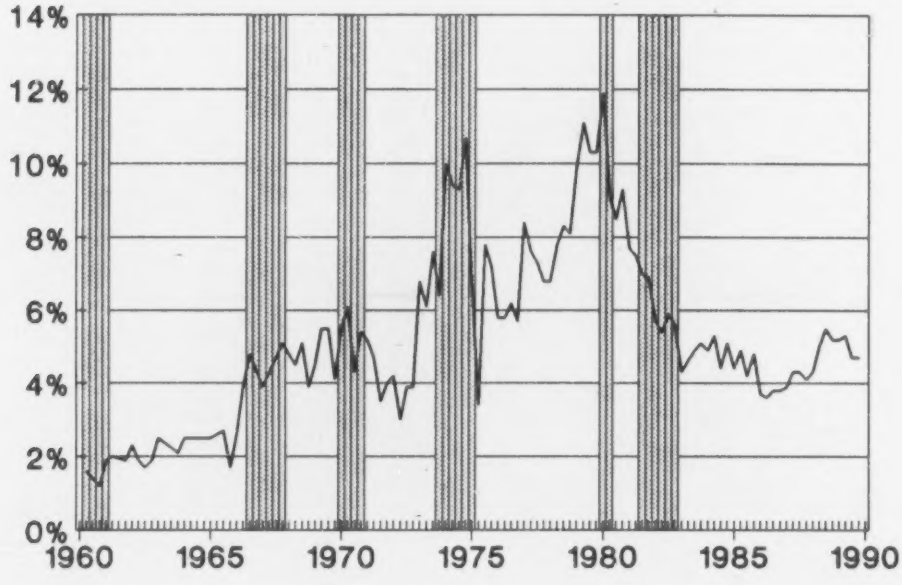

CHART 22

MEDIAN PRICE EXPECTATIONS AND THE CHANGE IN THE CONSUMER PRICE INDEX

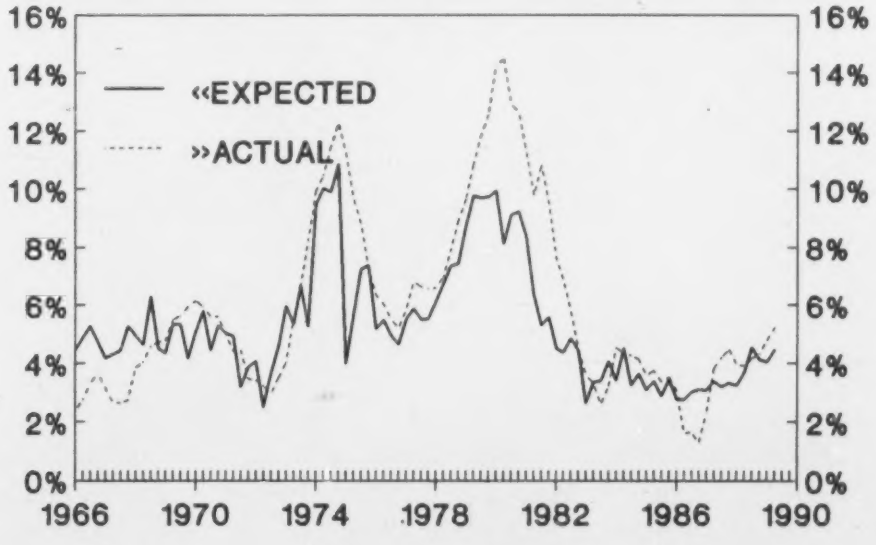

CHART 23

EXPECTED CHANGE IN INTEREST RATES

(%DOWN - %UP + 100)

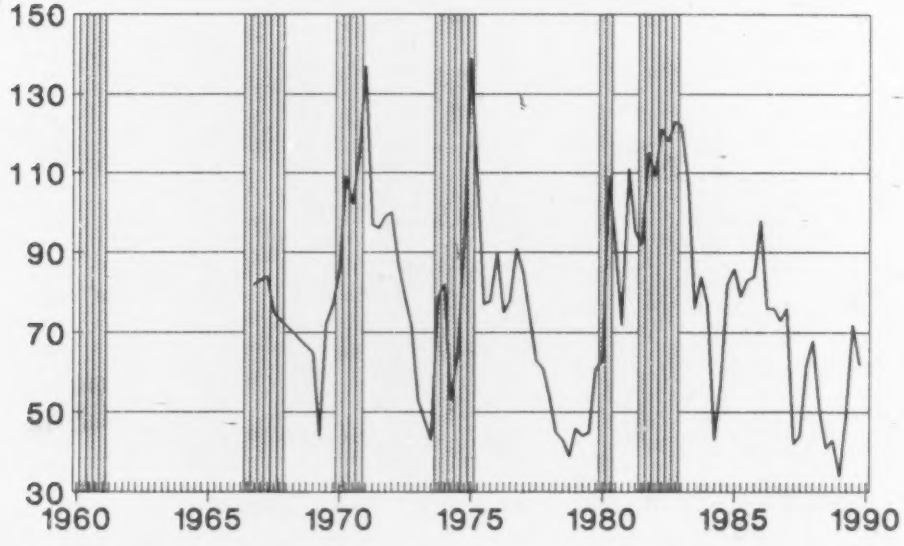

CHART 24

INTEREST RATE EXPECTATIONS & PERCENTAGE POINT CHANGE IN THE PRIME RATE

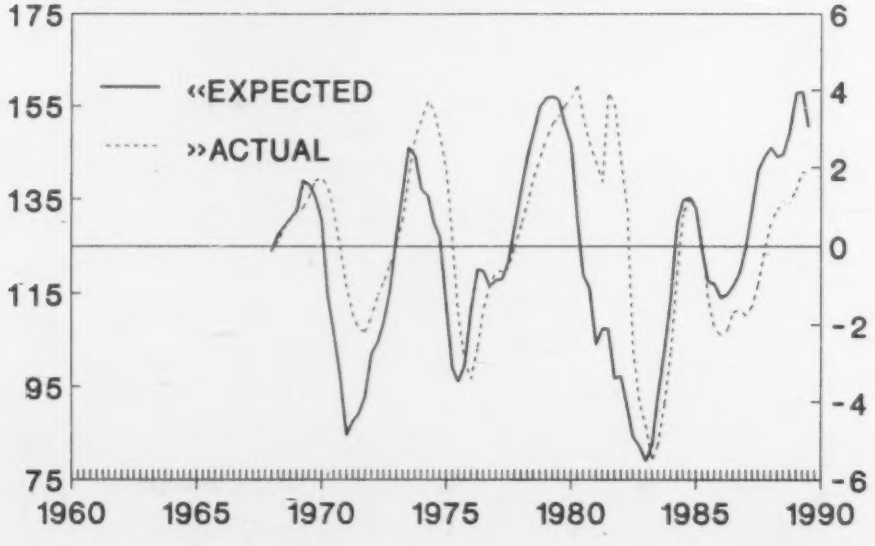

CHART 25

BUYING CONDITIONS FOR DURABLES

(%GOOD - %BAD + 100)

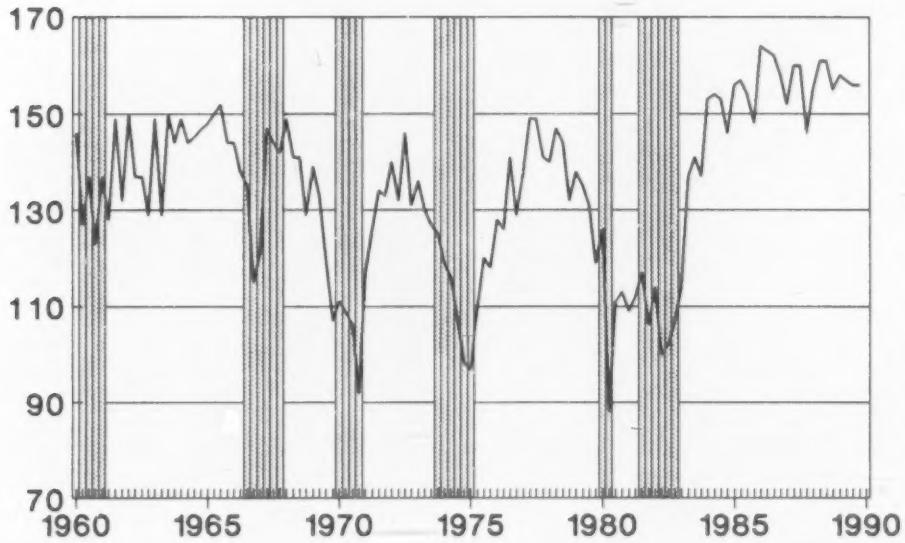

CHART 26

REFERENCED TO BUY-IN-ADVANCE PRICE RATIONALES IN EVALUATIONS OF DURABLES

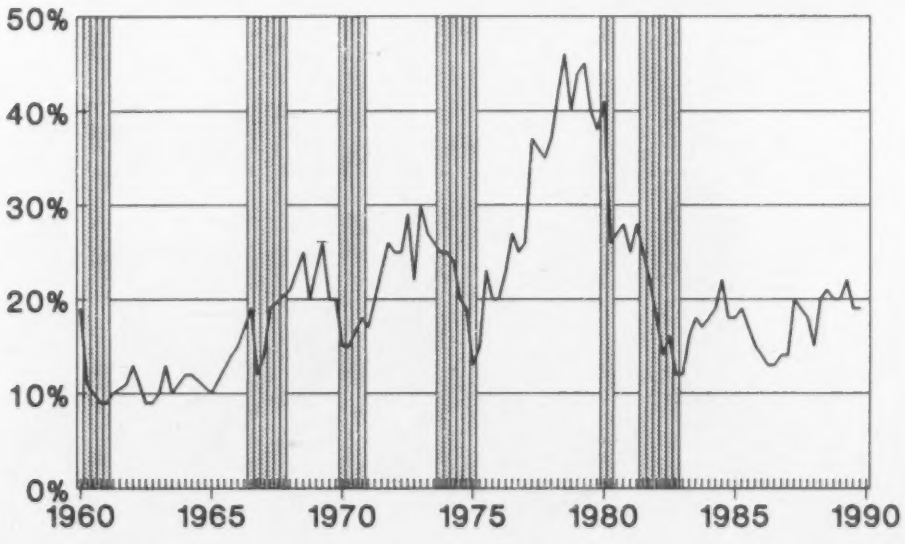

CHART 27

REFERENCES TO PRICES OF DURABLES IN EVALUATIONS OF DURABLE BUYING CONDITION

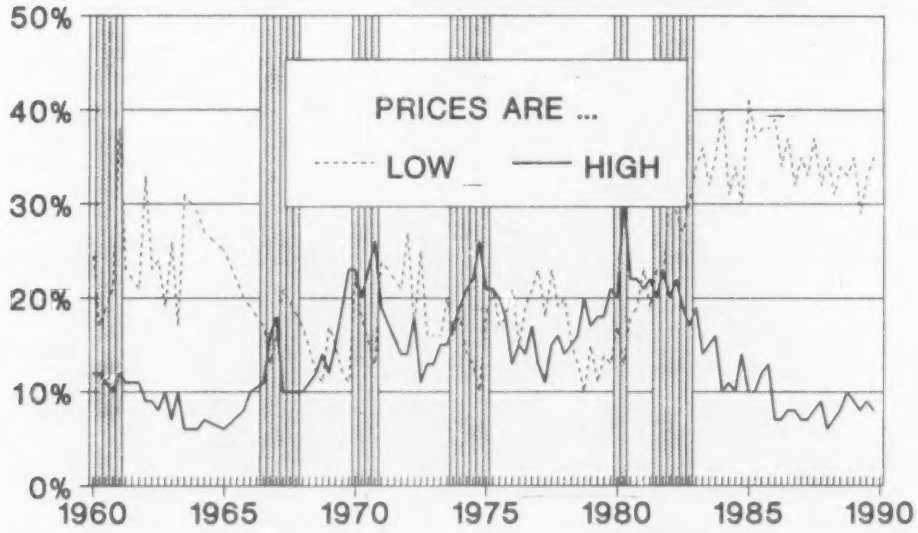

CHART 28

NET REFERENCES TO PRICES OF DURABLES IN EVALUATIONS OF BUYING CONDITIONS

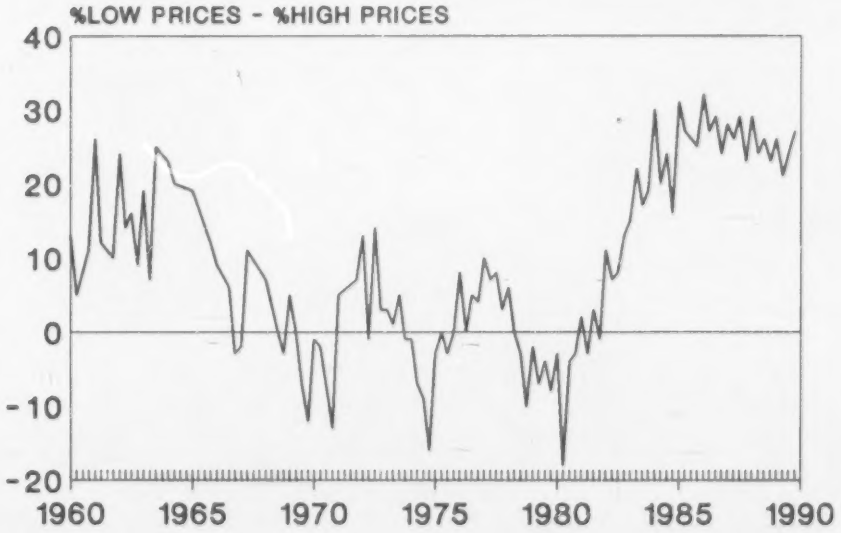

CHART 29

REFERENCES TO INTEREST RATES IN EVALUATIONS OF DURABLE BUYING CONDITION

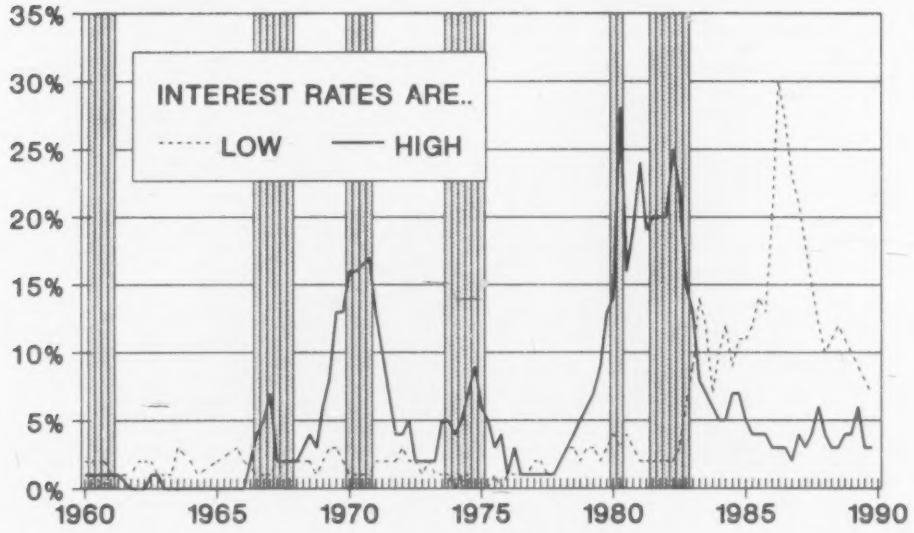

CHART 30

NET REFERENCES TO INTEREST RATES IN EVALUATIONS OF DURABLE BUYING CONDITION

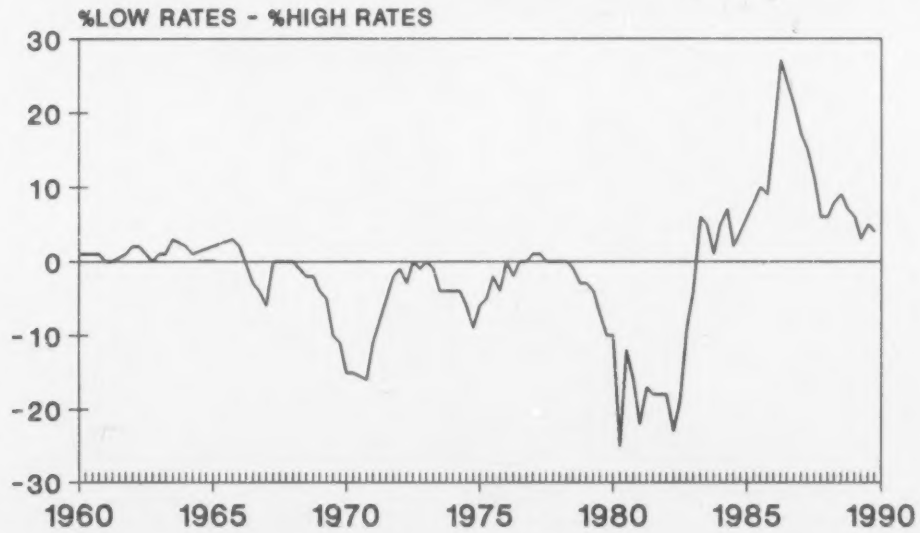

CHART 31

BUYING CONDITIONS FOR CARS

(%GOOD - %BAD + 100)

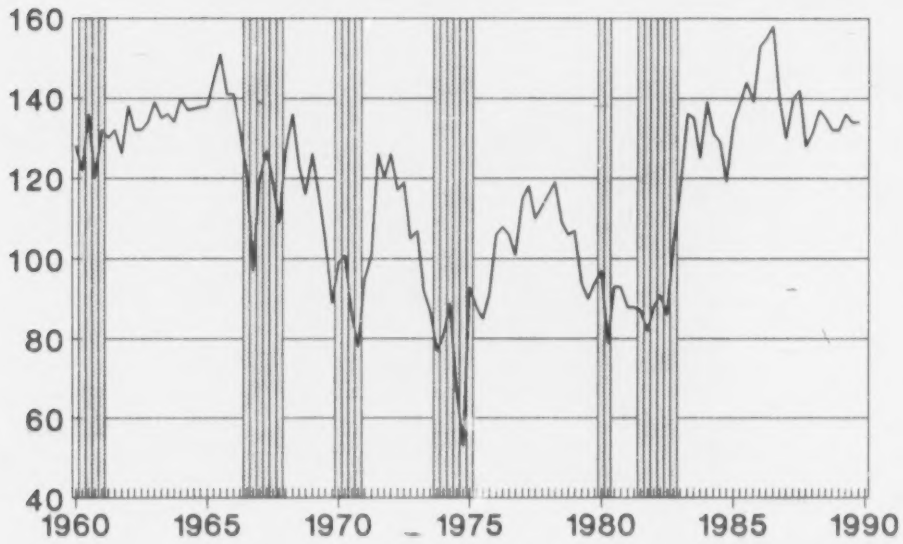

CHART 32

REFERENCES TO THE ADVANTAGE OF BUYING-IN-ADVANCE OF RISING CAR PRICES

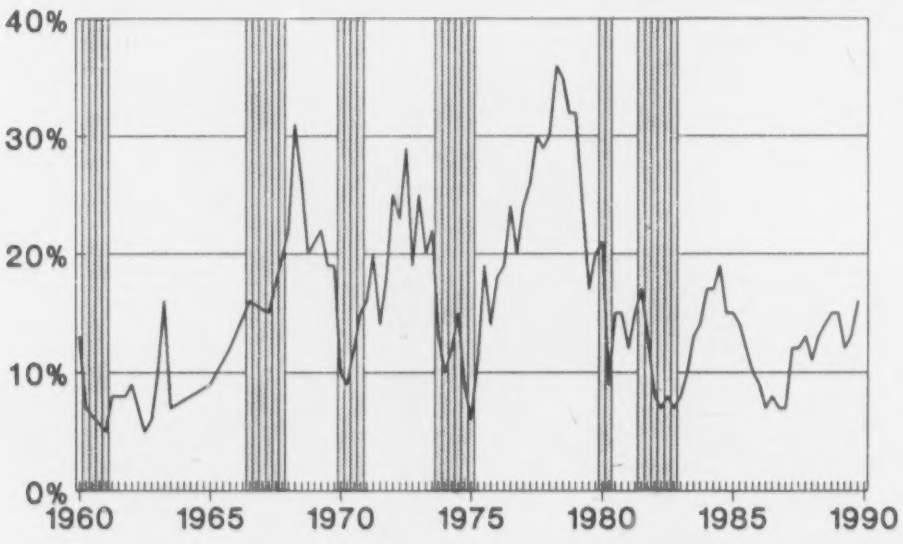

CHART 33

REFERENCES TO PRICES OF CARS IN EVALUATIONS OF CAR BUYING CONDITIONS

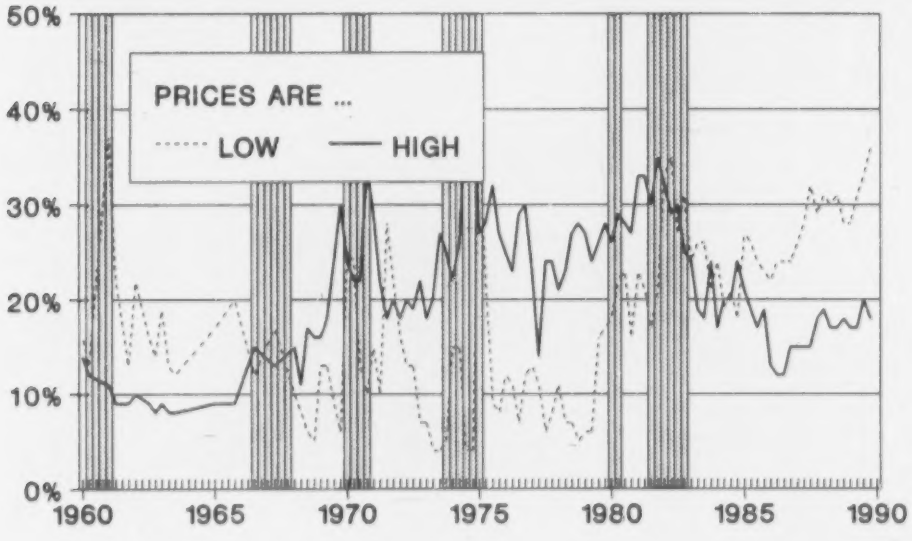

CHART 34

NET REFERENCES TO PRICES OF CARS IN EVALUATIONS OF CAR BUYING CONDITIONS

CHART 35

REFERENCES TO INTEREST RATES IN EVALUATIONS OF CAR BUYING CONDITIONS

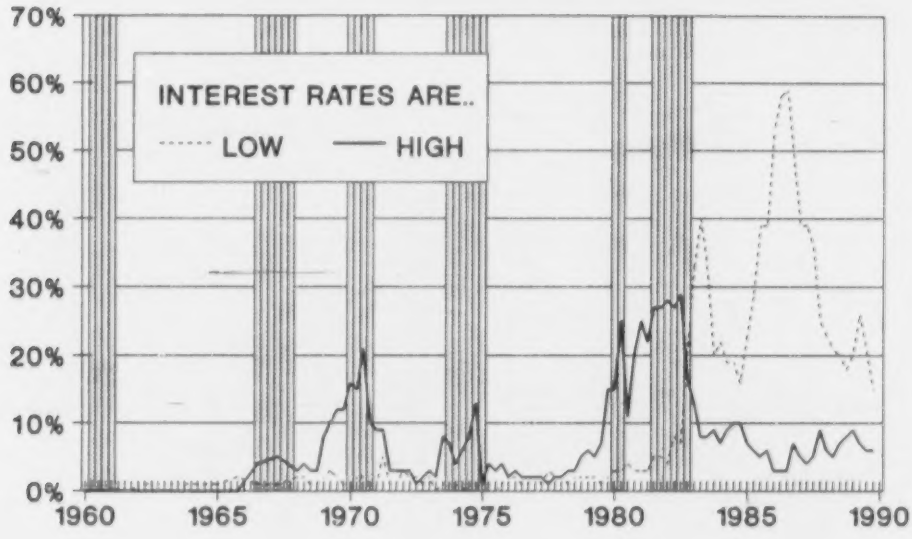

CHART 36

NET REFERENCES TO INTEREST RATES IN EVALUATIONS OF CAR BUYING CONDITIONS

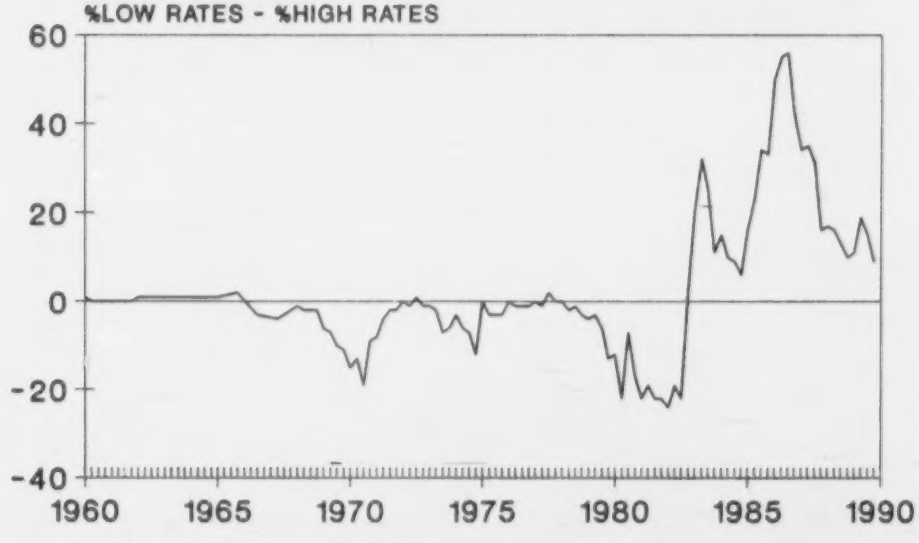

CHART 37

BUYING CONDITIONS FOR HOMES

(%GOOD - %BAD +100)

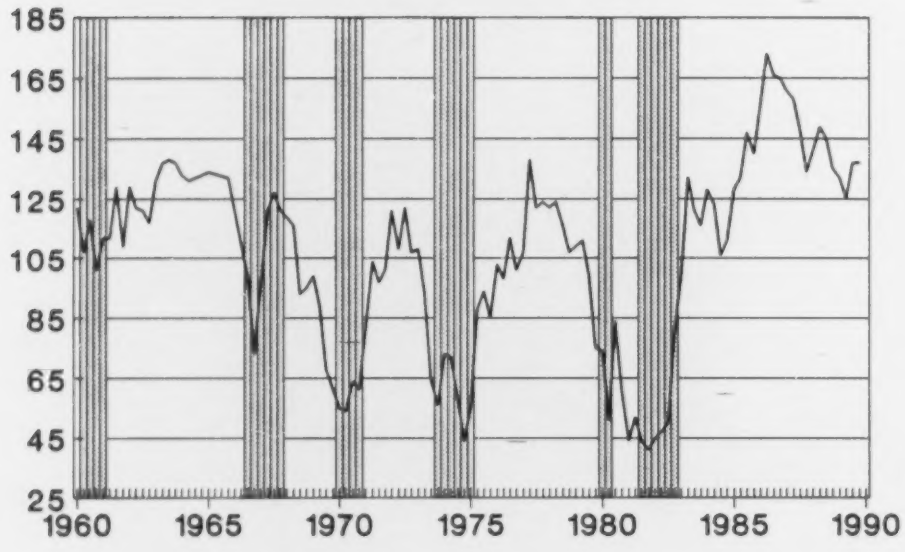

CHART 38

REFERENCES TO BUY-IN-ADVANCE PRICE RATIONALES IN EVALUATIONS OF HOMES

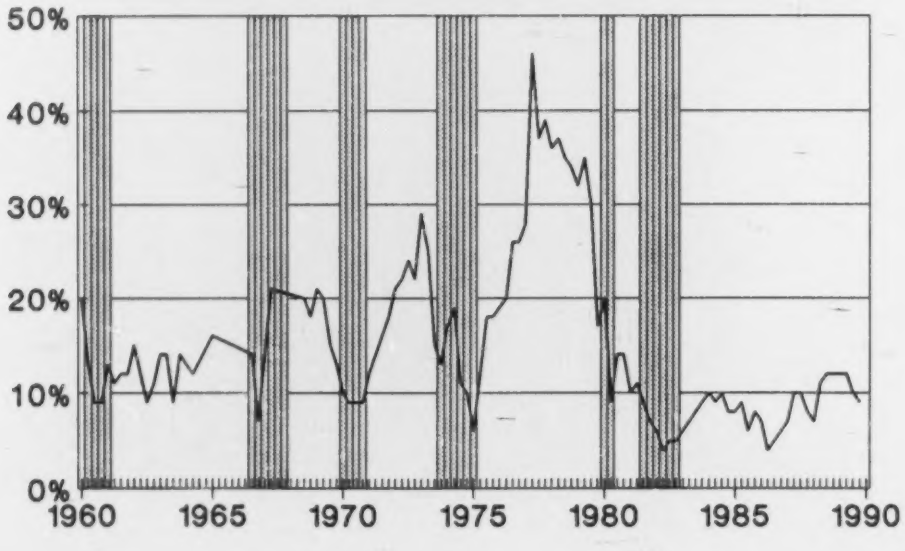

CHART 39

REFERENCES TO PRICES OF HOMES IN EVALUATIONS OF HOME BUYING CONDITIONS

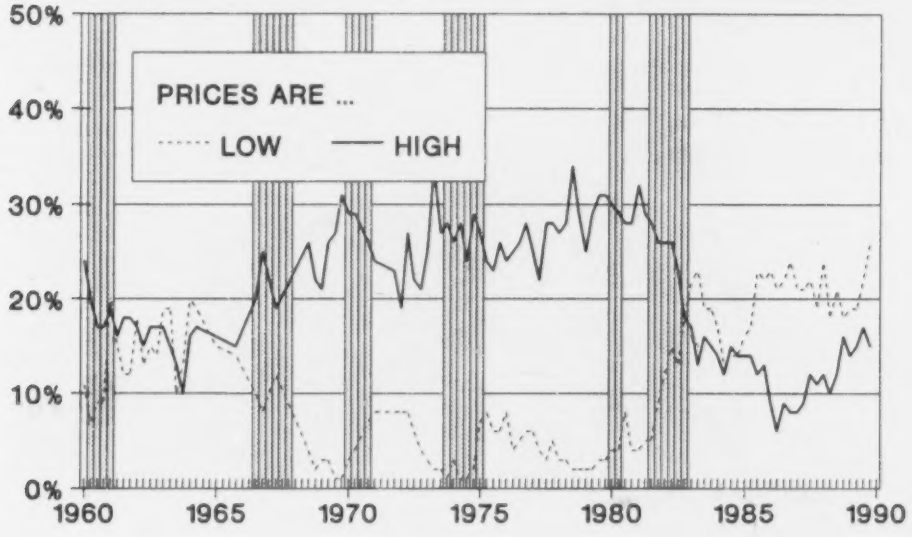

CHART 40

NET REFERENCES TO PRICES OF HOMES IN EVALUATIONS OF HOME BUYING CONDITION

CHART 41

REFERENCES TO INTEREST RATES IN EVALUATIONS OF HOME BUYING CONDITIONS

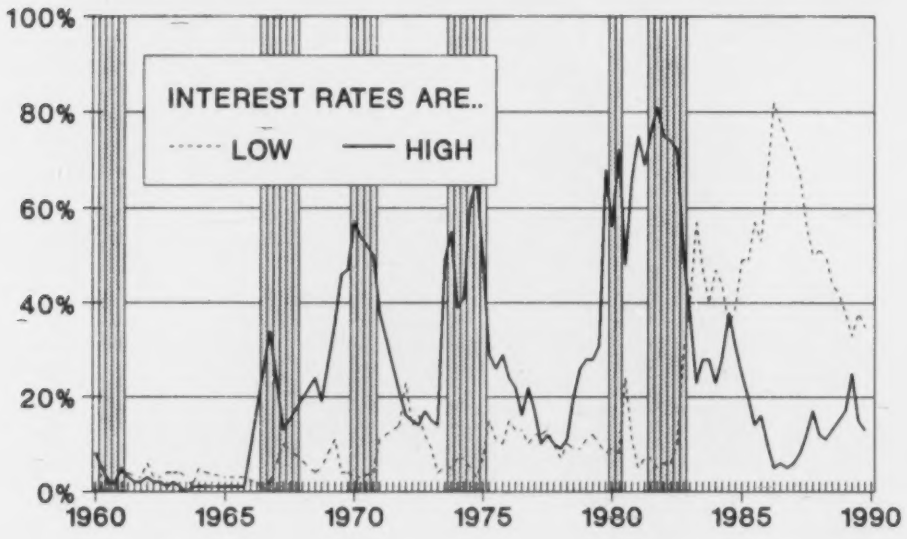

CHART 42

NET REFERENCES TO INTEREST RATES IN EVALUATIONS OF HOME BUYING CONDITIONS

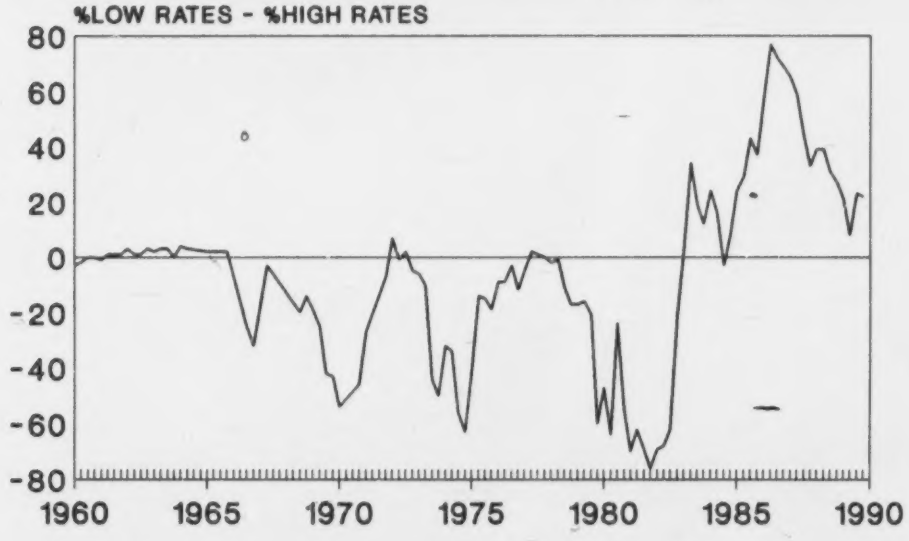

CHART 43

BUYING CONDITIONS FOR CARS AND TOTAL VEHICLE SALES IN MILLIONS

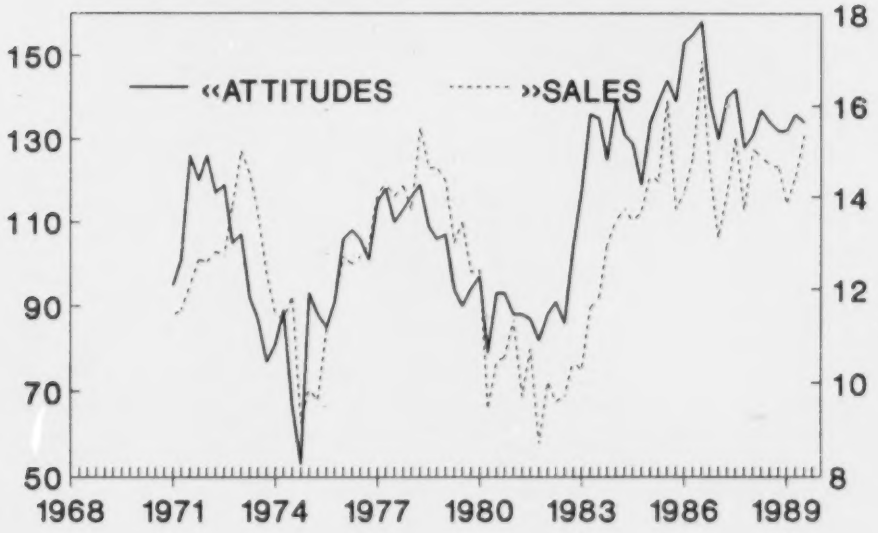

CHART 44

HOME BUYING ATTITUDES AND SALES OF SINGLE FAMILY HOMES IN MILLIONS